

Senate, April 14, 1998. The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY, 11th DIST., Chairman of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE HEALTH CARE CENTER TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-202a of the general
2 statutes, as amended by section 57 of public act
3 97-11 of the June 18 special session, is repealed
4 and the following is substituted in lieu thereof:
5 (a) Each health care center, as defined in
6 section 38a-175, shall pay a tax to the
7 Commissioner of Revenue Services for the calendar
8 year commencing on January 1, 1995, and annually
9 thereafter, at the rate of one and three-quarters
10 per cent of the total net direct subscriber
11 charges received on any new or renewal contract or
12 policy by such health care center during each such
13 calendar year, which shall be in addition to any
14 other payment required under section 38a-48. [,
15 except that the]
16 (b) NOTWITHSTANDING THE PROVISIONS OF
17 SUBSECTION (a) OF THIS SECTION, THE tax shall not
18 apply to (1) any new or renewal contract or policy
19 entered into with the state on or after July 1,
20 1997, to provide health care coverage to state
21 employees, retirees and their dependents; [. The
22 tax shall also not apply to] (2) subscriber
23 charges received from the federal government to

24 provide coverage for Medicare patients; (3) ANY
25 SUBSCRIBER CHARGES RECEIVED UNDER A CONTRACT OR
26 POLICY ENTERED INTO WITH THE STATE TO PROVIDE
27 HEALTH CARE COVERAGE TO MEDICAID RECIPIENTS UNDER
28 THE MEDICAID MANAGED CARE PROGRAM ESTABLISHED
29 PURSUANT TO SECTION 17b-28, AS AMENDED, WHICH
30 CHARGES ARE ATTRIBUTABLE TO A PERIOD ON OR AFTER
31 JANUARY 1, 1998; (4) ANY NEW OR RENEWAL CONTRACT
32 OR POLICY ENTERED INTO WITH THE STATE ON OR AFTER
33 APRIL 1, 1998, TO PROVIDE HEALTH CARE COVERAGE TO
34 ELIGIBLE BENEFICIARIES UNDER THE HUSKY PLAN, PART
35 A, PART B, OR THE HUSKY PLUS PROGRAMS, EACH AS
36 DEFINED IN SECTION 2 OF PUBLIC ACT 97-1 OF THE
37 OCTOBER 29 SPECIAL SESSION; OR (5) ANY NEW OR
38 RENEWAL CONTRACT OR POLICY ENTERED INTO WITH THE
39 STATE ON OR AFTER APRIL 1, 1998, TO PROVIDE HEALTH
40 CARE COVERAGE TO RECIPIENTS OF STATE ADMINISTERED
41 GENERAL ASSISTANCE PURSUANT TO SECTION 17b-257, AS
42 AMENDED.

43 (c) The provisions of this chapter pertaining
44 to the filing of returns, declarations, instalment
45 payments, assessments and collection of taxes,
46 penalties, administrative hearings and appeals
47 imposed on domestic insurance companies shall
48 apply with respect to the charge imposed under
49 this section.

50 Sec. 2. This act shall take effect from its
51 passage.

52 FIN COMMITTEE VOTE: YEA 42 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 50

STATE IMPACT Revenue Loss, Potential Savings,
see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Revenue Services,
Department of Social Services

EXPLANATION OF ESTIMATES:

STATE IMPACT: The bill results in an estimated revenue loss to the Insurance Premiums Tax of \$2.8 million in FY 98, \$4.5 million in FY 99, and \$6.0 million in FY 00 and each year thereafter.

To the degree that insurers reduce rates charged to the state as a result of the elimination of the tax, the bill would also result in savings to the state associated with health care insurance costs

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OFA BILL ANALYSIS

sSB 50

AN ACT CONCERNING THE HEALTH CARE CENTER TAX

SUMMARY: The bill eliminates the Insurance Premiums Tax for all state health insurance contracts which are currently subject to the tax and all new or renewal contracts entered into with the state. The tax of 1.75% would be eliminated on Medicaid policies, contracts entered into to serve children enrolled in the Healthcare for Uninsured Kids and Youth (HUSKY) plan,

and any future contracts to serve clients in the General Assistance program.

The bill exempts, from the tax, charges received for Medicaid contracts that are attributable for the period on or after January 1, 1998 and charges for HUSKY and General Assistance contracts that are attributable for the period on or after April 1, 1998.

EFFECTIVE DATE: Upon Passage

FURTHER EXPLANATION

Insurance Premiums Tax on Health Policies

A tax is imposed on domestic, foreign insurance companies, and health maintenance organizations (HMO's) on all net direct premiums received from policies, written on property or risk located in Connecticut, at a rate of 1.75% of premium. Premiums for unauthorized insurance business (policies written by companies that do not hold a certificate issued by the Insurance Department) are taxed at a rate of 4% of their receipts on Connecticut risk.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 42 Nay 0